This document consists of 2 pages.
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SECRET

DEPARTMENT OF STATE
ASSISTANT SECRETARY

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May 9, 1959

TO : The Acting Secretary

THROUGH: S/S

FROM : AF - J. C. Satterthwaite

SUBJECT: Your Discussion with Ambassador Chapman of Ghana on the Volta River Project

DEPARTMENT OF STATE A/CDC/MR
DATE: 30 MAY 1982
REVIEWED BY
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Discussion:

You have agreed to meet with Ambassador D. A. Chapman of Ghana, at two-thirty o'clock on May 11. The Ghana Embassy has indicated Ambassador Chapman wishes to discuss the penultimate paragraph of the letter, dated March 14, 1959, which Dr. Kwame Nkrumah, Prime Minister of Ghana addressed to our Ambassador, Wilson C. Flake (Tab A).

Ambassador Flake has been authorized to sign and deliver to Nkrumah an interagency cleared letter (Tab B) which replied to his letter of March 14. This letter is to be delivered as soon as Nkrumah returns from a several weeks visit to Guinea. Nkrumah is expected to return to Ghana either on May 11 of 12.

Tab C is a background paper on the Volta River Project.

Recommendation:

That your discussion of the penultimate paragraph of Nkrumah's letter of March 14 with Ambassador Chapman be along the lines indicated in the letter which Ambassador Flake will deliver to Prime Minister Nkrumah.

Although the reply to Nkrumah did not face squarely his request that the United States assist Ghana in working out a plan for the financing of the construction of the dam and power installation at Kosombo, we believe that it would be effective if you could explain that while the United States wants to be helpful as possible, the United States Government believes it is not possible for it to assume the primary role in working out a plan for the financing for the Volta River Project. Further, the United States Government believes the Government of Ghana must first receive a favorable reply from the aluminum industry as a major user of power before any plan can be worked out for financing the construction of the dam and power installation, and that without this the United States doubts whether financing of the dam and power installation could be arranged at this time.

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As evidence of United States activities with regard to stimulating interest among United States industries which are large consumers of power in establishing plants in Ghana, and would provide a market for Volta power, you may wish to mention to Ambassador Chapman the activities of the United States Government in this regard since the release of the Reassessment Report. ICA has been in constant touch with Kaiser regarding the talks that are going on presently with the aluminum industry itself. You might explain that with regard to these talks, there are many problems and policies to be solved not only within the industry itself but also with the Government of Ghana, and that a decision of the industry cannot be expected over-night. The Department of Commerce has given wide publicity to the Reassessment Report. Articles regarding the Volta Project have appeared and are scheduled to appear in trade international publications. Commerce has made copies of the Reassessment Report available to a wide range of industries at their request. A survey of the results of the interest expressed is now being made and it is hoped a status report can be submitted shortly.

If Ambassador Chapman should refer to Kaiser's Reassessment Report you may wish to point out that we believe participation of an aluminum industry is essential before the report can be considered favorable.

Concurrences:

AF - Mr. Dolgin

E - Mr. Hegner

W/MSC
Mr. Frechtling

Attachments:

1. Letter of March 14, 1959, from Dr. Kwame Nkrumah (Tab A).
2. Letter from Ambassador Flake (Tab B).
3. Background Paper on the Volta River Project (Tab C).

AF:AFS:ELPalberg:rmcp
5/9/59

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Page 1 of
Encl. No. 2
Desp. No. 557
From Accra

R

Ghana

PRIME MINISTER

14th March, 1959.

My dear Ambassador,

Last week I sent to you a copy of the Reassessment Report on the Volta River Project which had been prepared by the Henry J. Kaiser Company, and today I had the opportunity of discussing it with Mr. Edgar F. Kaiser.

Our meeting was the logical outcome of the action initiated during my visit to Washington last July when it was agreed that a reassessment should be made of the engineering aspects of the project. That reassessment has now been made and the conclusions are favourable.

As you know I am determined to see power generated from the Volta River as quickly as possible for I am convinced that this is an essential factor in the further development of Ghana. I therefore discussed today with Mr. Kaiser the next steps which should be taken in order to achieve my objective, and you and Mr. A. L. Moffatt were kind enough to attend the final stages of the meeting. I forward with this a copy of the record of our discussion.

The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo.

President Eisenhower has assured me of his interest in this project which can mean so much to Ghana, and my Government would be most grateful for any action which he and the Government of the United States could now take in order to bring the project into operation.

Yours sincerely,

/s/ Kwame Nkrumah

His Excellency Mr. Wilson C. Flake,
Ambassador of the United States of America,
ACCRA, Ghana.

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Dear Mr. Prime Minister:

Since my formal acknowledgment of your letter dated March 14, my Government has given careful consideration to your letter, the recently released Reassessment Report on the Volta River Project, and the formal record of your meeting with Mr. Edgar Kaiser on March 14. In addition, officials of my Government have had personal meetings with Mr. Kaiser and Mr. Chad Calhoun to discuss the conversations which Mr. Kaiser and Mr. Calhoun have had with you and officials of your Government.

Knowing the importance you and your Government have attached to the Volta River Project, my Government was pleased to learn of the favorable nature of the Reassessment Report and noted with interest the decision of your Government, in furthering your determination to see that power is generated from the Volta River as quickly as possible, to finance a contract which will initiate immediately preliminary work at the dam site.

With reference to your request that the United States assist Ghana in seeking to interest industries which would be large consumers of power generated from the Volta River, my Government wishes to reaffirm its desire to be helpful in the economic development of Ghana. This desire, which President Eisenhower stated in his letter to you of January 3, 1958, was reiterated by President Eisenhower in his conversation with you in Washington this past July. In this connection, and more specifically with regard to the efforts of my Government to interest United States aluminum companies in Volta power, United States officials during the past year have been in touch with officials of the aluminum industry in the hope that they might find it practicable to establish or participate in the establishment of an aluminum industry in Ghana. This led to the initiation of discussions some months ago among members of the aluminum industry themselves, and these discussions are continuing in an effort to determine the possibility of forming a combination of companies to undertake a project of a size which would provide a sufficient market for the generation of power envisaged.

Concerning the efforts of the United States Government to interest other United States industries which are large consumers of power in establishing plants in Ghana which would provide a further market for Volta power, United States officials will, as they have done during the

past

The Honorable
Dr. Kwame Nkrumah,
Prime Minister of Ghana,
Accra.

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past year, continue to discuss the Volta Project with officials of such United States industries. This is in addition to the usual type of publicity given by the United States Department of Commerce to opportunities for foreign investment on the part of American companies. Several American companies are now giving careful and analytical consideration to the Reassessment Report and the potentialities of the Volta Project for United States investors, but it will, of course, take some time before any concrete results can be expected.

With reference to your request that the United States assist Ghana in working out a plan for the financing of the construction of the dam and power installation, my Government wishes to reiterate its sincere desire to help Ghana in such ways as are within the limitations of its resources and other heavy commitments throughout the world. In the President's letter and in his talks with you in Washington, he indicated that the active participation of the aluminum industry and its ability to undertake the mining and manufacturing part of the Project are essential to the success of the total Project, particularly in view of its great magnitude. The President also said that when there is firm indication of intention from the aluminum industry to participate, and necessary assurances of financial support from either private or public sources for a major part of the required financing the United States Government will be pleased to explore with you what possible assistance it might be able to provide toward financing a portion of the hydroelectric project. My Government's position in this regard remains unchanged. It, therefore, will be pleased to learn of the results of the talks now being held within the aluminum industry.

Sincerely yours,

(to be signed by Ambassador)

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THE VOLTA RIVER PROJECT

History of the Project

Interest in the Volta River Project goes back to 1924 when the Gold Coast colonial government began an investigation of the possibilities of developing the hydro-electric power potential of the Volta River and large deposits of bauxite in the west-central part of the country for the production of aluminum. Serious commercial interest in the scheme by the United Kingdom in 1950 led to the publication in 1952 of a United Kingdom White Paper which gave an outline of a scheme for aluminum production in the Gold Coast.

Under the 1952 scheme a dam would be erected on the Volta River at Ajena, about 75 miles from its mouth in the eastern part of the country, creating a lake 200 miles long. Over 600,000 kw of electric generating capacity would be installed at the dam site; all but 50,000 kw would be used for producing 210,000 tons of aluminum a year. This would require the establishment of a mine at the bauxite deposits at Yenahin, an alumina plant, a smelter and a township at Kpong near the dam site, two new railway lines (about 70 miles in all) connecting the mines and smelter with the present Kumasi-Accra line, and a 35 mile railway line from the smelter to the new port at Tema. Under the scheme there would be a smelting company owning and operating the mines and the aluminum plant, financed partly by equity and partly by loan capital. The principal stockholders were to be Aluminium Ltd. of Montreal, Canada, and the British Aluminium Co., with the Gold Coast Government having a 10 percent share of the equity. The British Government would supply the loan capital. The dam and power plant were to be financed by loan capital from the two governments (mainly the British) and were to be operated by an independent authority. The new railways and harbors were to be under the authority of the existing administration and together with other ancillary works such as roads, the new towns and compensation for the land flooded were to be financed by the Gold Coast Government.

In 1950, the four parties to the proposed scheme, the two governments and the two aluminum companies, formed the Volta River Preparatory Commission to follow up the work already done and to examine the Project in greater detail. Work was carried on during 1951-1955, and the comprehensive "Report of the Preparatory Commission on the Volta River Project" was published in 1956 in three volumes. The new estimate of the cost of the Project was $646.8 million compared with the 1952 estimate of $403.2 million. Moreover, the Commission warned that these costs might, during the construction of the Project, be inflated and that it would be wise to reckon with a total need for capital of $865.2 million.

While the Project as conceived by all of the interested potential "partners" was probably of greater magnitude than any other economic scheme examined in any of the Commonwealth countries, the far-reaching survey under-

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taken in 1951 concluded that the Project was economically and technically sound. However, by 1957 certain developments had occurred which made implementation of the Project in the forseeable future problematical. The British Government found that for financial reasons it was no longer in a position to stand by its original agreement to furnish £ 52 million for the Project. In July 1956 Mr. Thorneycraft and Lord Home told Prime Minister Nkrumah that they were sorry but the United Kingdom was obliged to do a great deal of retrenching. Moreover, they allegedly informed Nkrumah that the aluminum companies did not seem at that time eager to undertake large new projects. At the same time, the British advised Nkrumah to review the matter again with ALCAN and British Aluminum.

In September of 1957 Nkrumah visited the United States and consulted with both U.S. Government officials and private organizations in his search for American capital for the Volta River Project. We were not informed of the results of the visit but the assumption is they were negative. It is known that during this visit talks were held by Minister Gbedemah in Canada with ALCAN representatives and that in the United States conversations were held with the Export-Import Bank, IBRD, the Reynolds interests and other organizations.

In 1956 the IBRD sent a small group to Ghana to make an economic survey. While the mission made no study of the Volta River Project as such, its preliminary reaction was that the costs of the Project were too high and the size of the Project too great for Ghana's economy to carry at that time.

U.S. Interest and Activities

In the early part of 1957, an American group under the auspices of a small investment house in New York (Winslow, Cohn and Stetson) negotiated with the Government of Ghana and obtained an option to present a plan for developing the Volta River scheme. Their option lapsed on July 18, 1957. Reportedly interested in or associated with the American group were such companies as Electric Bond and Share, Utah Construction Company and the Kaiser and Reynold's interests. Other firms and individuals who have been reportedly interested in the Volta Project include the Tolbert Engineering Company, the Ajax Construction Company, the Foreign Construction Company, International General Electric and the Chrysler Corporation.

In November 1957, Prime Minister Nkrumah wrote President Eisenhower a personal letter (attachment1)asking the help of the United States in raising capital for the project or "help in getting the Project off the ground". The President replied (attachment 2) on January 3, 1958, that the United States would be pleased to do what it could do to assist Ghana but that primary impetus must come from Ghana itself. He indicated, however, that if firm indications of intention from the aluminum industry to participate was assured and the majority of the financing were arranged from either private or public sources, the United States Government would explore what possible assistance it might be able to provide toward financing a portion of the capital necessary for the hydro-electric project.

As a result

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As a result of an OCB discussion, Mr. Smith of ICA and Mr. Herter decided that there should be an oral accompaniment to the President's letter made by our Ambassador Flake, and Mr. Abbot Moffat USOM Director in Ghana, indicating that the United States was willing to serve as a "catalyst" for the Project.

In subsequent efforts to serve as "catalyst" officials of both ICA and the Department of Commerce obtained evidence of some interest in the private segment of the Project on the part of Kaiser and Reynolds aluminum companies.

Nkrumah's Visit

Prime Minister Nkrumah visited Washington from July 23 to July 26, 1958. During the visit Prime Minister Nkrumah and his party discussed with President Eisenhower, Mr. Herter and Mr. Dillon (attachments 3, 4, 5 & 6) the Volta River Project and attempted to obtain a commitment from the United States to extend financial assistance for it. On July 26, 1958, the White House issued a joint statement of the President and the Prime Minister of Ghana (attachment 7) in which the following reference was made to the Project:

"The Prime Minister explained the importance that his government attached to the Volta River Project and also to the development plan which is being drawn up for the further economic and social development of Ghana. He hoped the Government of the United States would find it possible to assist the Government of Ghana with respect to both programs.

"In subsequent conversations, representatives of the two governments explored the types and scope of assistance which the United States Government might be able to extend to the Government of Ghana. With regard to the Volta River Project, the United States expressed its appreciation of the contribution this project could make to the economic development of Ghana. It agreed to continue to explore with private American interests the aluminum manufacturing phase of the project and to consider how it might assist with loans if the required private financing were assured. The United States also expressed willingness to examine any proposals which the Government of Ghana might advance for the use of power from the Volta River for purposes other than the manufacture of aluminum. The two governments agreed that it would be desirable to bring up to date the engineering reports which were prepared in 1955 and to share the cost of this undertaking.

"With respect to the new development plan now in course of preparation, the Government of the United States indicated willingness to examine the plan with the Government of Ghana and to consider particular fields in which it might be able to cooperate through development loans.

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The United States Government further agreed to continue and expand its technical cooperation with the Government of Ghana through programs designed to aid in the gradual diversification and strengthening of the economy of that country."

Subsequent to Nkrumah's visit, the Government of Ghana in August of 1958 signed an agreement with Henry J. Kaiser Co. of Oakland, California, to bring up to date the engineering report issued in 1956 by the Preparatory Commission. Costs of the survey were borne jointly by the Government of Ghana and the United States (ICA) as agreed during Nkrumah's visit.

In early March 1959 Kaiser Industries Corporation delivered to Nkrumah its "Reassessment Report on the Volta River Project". On March 14, 1959, Prime Minister Nkrumah addressed a letter (Tab A) to our Ambassador Flake, in which, after referring to the favorable nature of the Reassessment report and expressing his determination to see that power is generated from the Volta River as quickly as possible, he stated:

"The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo."

Tab B is the inter-agency cleared reply which Ambassador Flake has been authorized to deliver to Nkrumah's letter of March 14.

Kaiser's Reassessment Report

The Reassessment Report includes Kaiser's review and preliminary plans and estimates for the complete development of the Volta River hydro power potential, the bauxite reserves in Ghana, and a basic scheme and estimate for a transmission network to distribute power throughout Ghana.

The report proposes a coordinated 4-step development of the project. Timing of the steps would be fitted to load growth.

The initial Step 1, comprises a 230 foot head, 2,100 foot long rockfill dam with a 512 mw power plant, on the Volta River at Kosombo 60 miles northeast of Accra, together with a 120,000 long ton per year aluminum smelter near the new port of Tema. The hydro development would supply 330 mw power to the aluminum smelter, and would also provide the present towns and industrial electric installations in southern Ghana with an interconnected 175 mw power supply through a 550 mile 165 kv transmission network. A short railroad spur,

together

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together with improvement of existing trackage and additional hauling equipment, would serve the aluminum smelter from the Kibi bauxite deposit 60 miles Northwest of Tema. During Kaiser's review of the quantity and quality of Ghana bauxite reserves, it was found that a recently discovered deposit at Kibi was of suitable quality and much more favorably situated for economic development than the Aya-Yenahin deposit envisioned in the Preparatory Commission's 1956 report, the latter being some 150 miles more distant from the proposed power and aluminum plant sites.

Cost of Step 1 is estimated at GF64.4 ($180.3) million for hydroelectric, transmission and railroad facilities and GF56.7 ($158.8) million for the bauxite mining and aluminum prodtuction facilities. Step 1 it is estimated could be completed to generate power in a period of 5½ years from the time of authorization.

The estimated initial cost of power to the aluminum smelter would be 0.222 pence/kwh (2.60 mills), falling to 0.173 pence/kwh (2.02 mills) at full development. The estimated unit cost of initial power from the transmission net at 5 percent interest would be 0.609 pence/kwh (7.12 mills), falling to 0.524 pence/kwh (6.13 mills) at full development.

Steps 2 and 3 would bring the Kosombo power plant to full 768 mw capacity, add 100.000 tons per year to the aluminum smelter capacity, and construct the Kpong Rapids 140 mw development as well as additional transmission and railroad facilities. Estimated cost for the aluminum smelter extension is GF 412.2 ($115.3) millions, and for increased hydro, transmission and railroad equipment GF 24.7 ($69.2) millions.

Step 4 would provide for construction of the Bui Development together with additional transmission facilities, at an estimated cost of GF 27.1 ($75.9) millions, when required to serve further increase in Ghana's power requirements.

Summary of Costs
($millions)

	Public	Private	Total
Step 1	$180.3	$158.8	$339.1
Steps 2 & 3	69.2	115.3	184.5
	$249.5	$274.1	$523.6
Step 4			75.9
		TOTAL	$699.5

Developments Since Release Reassessment Report

On April 14, 1959 Prime Minister Nkrumah entered into an agreement with

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with Kaiser Engineers and Constructors, Inc., to carry out preliminary works at the dam site (Kosombo). This agreement, was signed by the Government of Ghana, in accordance with its determination to do everything ssible to bring the Volta Project to life. Briefly, the scope of the work to be completed, on or about October 1959, will cover foundation exploration, determination of site conditions, determination of basic design of the dam and power plant, the construction of access roads, the construction of some housing at the dam site and construction mobilization planning.

On April 14 Prime Minister Nkrumah sent a cable to Edgar Kaiser stating he had signed the engineering and construction agreement for the preliminary works. The next imperative step, he said, "is to make progress with the consortium of aluminum companies. I know that I can rely on your personal initiative, drive and ability for all possible assistance in bringing an effective consortium into being at the earliest possible time."

Mr. Flesher of ICA and Kaiser officials have reported to the Department that since release of the Reassessment Report talks have been continuing within the aluminum industry with a view to exploring the formation of a combination of companies to establish an aluminum smelter in Ghana. While we do not know specifically with what companies Kaiser is or has been dealing, we presume they are Reynolds, Alcoa, Aluminium Limited, British Aluminum, and possibly others.

The Department of Commerce has given wide publicity to the Reassessment Report, as well as made available copies of the Reassessment Report to a number of companies at their request. Commerce is preparing a status report as to the results following from the inquiries made.

Attachments:

1. Prime Minister Nkrumah's Letter to President Eisenhower 1957.
2. President Eisenhower's Letter to Prime Minister Nkrumah, Jan. 3, 1958.
3. Memorandum of Conversation, July 24, 1958
   Memorandum of Conversation, July 25, 1958
4. Prime Minister Nkrumah's Discussion of Ghana's General Economic Aims
5. Memorandum of Conversation of July 25, 1958, Part I
6. Memorandum of Conversation of July 25, 1958, Part II
7. White House Release of July 26.

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AFS: W.R. DUGGAN

(39) M-517

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DEPARTMENT OF STATE

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Memorandum of Conversation

DATE: July 25, 1958

SUBJECT: Prime Minister Nkrumah's Discussion of Ghana's General Economic Aims.

PARTICIPANTS: The Honorable Dr. Kwame Nkrumah, Prime Minister of Ghana.
His Excellency D.A. Chapman, Ambassador of Ghana to the United States.
The Honorable Kojo Botsio, Minister of Trade and Industries.
The Honorable K.A. Gbedemah, Minister of Finance.
The Honorable Kofi Baako, Minister of Information and Broadcasting.
~~CORRECTION~~ Mr. A. L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
Mr. Enoch Okoh, Acting Secretary to the Cabinet.
Commander Sir Robert Jackson, Chairman, Ghana Development Commission.
Mr. Richard Akwei, Third Secretary, Ghana Embassy.
Mr. Amon Nikoi, Third Secretary, Ghana Embassy.
The Under Secretary
Under Secretary C. Douglas Dillon, W
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
Mr. C. Vaughan Ferguson, Jr., Director, AFS.
Mr. William R. Duggan, AFS
Robert W. Ross, AFS
Mr. Walter N. Walmsley, Deputy Assistant Secretary, IO
ICA - Mr. Stuart Van Dyke
Mr. Carl W. Flesher

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Following a brief welcome of the Ghanaians by Under Secretary Herter, the Prime Minister indicated that the first "question" he had raised with President Eisenhower in their meeting yesterday was that of finding ways to raise the living standards of his people.

The Prime Minister added that the past two years in Ghana had been devoted primarily to consolidation efforts and that during the next five years a new economic and social development plan would be undertaken. He indicated that the new five-year plan was now in process of formulation and would be ready for

publication

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publication within the next two months.

He said that the major economic aims of his country were:

1. Diversification of agriculture and "some sort of industries".
2. Realization of the Volta River Project.

The Prime Minister stressed that he considered the Volta program should serve as the basis for all major economic and industrial development of his country. He pointed out that recent consideration of Volta has always "geared" aluminum to power projects but he is of the opinion that the question of aluminum should be divorced from that of power and that the development of the latter should be accomplished with the aim of utilizing it in areas broader than aluminum production. He quoted the figure of £65,000,000 as being necessary for the power component.

Proceeding to other more detailed matters, the Prime Minister indicated that he needed "one or two little things to show our people". He mentioned the establishment of a National Research Council and stressed not only the need for creation of a physical center or institute but also need for technicians to run the center. He mentioned the need of a medical school, for which assistance was requested. He spoke of the possibility that the present engineering and technical school at Kumasi could be enlarged to incorporate such a center. He also stressed the need for communications, particularly the building of bridges and roads, and asked in general terms for technical and financial assistance with respect to these items.

The Prime Minister then introduced the subject of a shipping line, mentioning that the newly-established Black Star Line of Ghana is 60% owned by the Ghana Government. The Line now owns two ships. The Prime Minister said it was his intention to try to establish a nautical college to develop merchant marine personnel and he said he would like U.S. Government assistance to purchase additional ships in the United States as well as to obtain help in training the merchant marine.

The Prime Minister also said that his country had put much money into its University College and "hoped to have a real university someday" with constituent colleges situated elsewhere in the country within the next two to three years.

Reverting to the Volta project the Prime Minister indicated his belief that it was imperative that his Government create additional electrical power for its people. As mentioned before, he indicated the cost of the power component in Volta as £65,000,000, with production equivalent to 1,000,000 kilowatts. The Prime Minister mentioned that a second project (presumably Ebonya) was under consideration in another area of the country which could produce 65,000 kilowatt hours at a cost of £20,000,000. He said that other smaller projects were also

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under consideration, and he spoke feelingly of the fact that all power now produced in Ghana totalled only 13,000 kilowatts, with 9,000 of these generated for Accra alone. He stressed again that power was an imperative need in Ghana.

Mr. Gbedemah then took over the discussion and said that Ghana's new five-year plan would take much of the country's own resources. He stressed that it was his belief the country could borrow elsewhere than the United States for needs in this area and that, at the moment, Volta is the most important item for discussion with the United States. He indicated that while the United Kingdom and Canada originally hoped to aid in development of Volta, the recession had unfortunately impeded those plans, and he had a sincere hope that Ghana could now interest private American investment as well as public capital in the scheme.

He indicated that Ghana was trying to reduce its current expenses in order to be able to raise additional revenue for its five-year development project. He said that his country had at present approximately £48,000,000 annual revenues and it was believed that the reduction of current expenditures of £2,000,000 - £3,000,000 could be accomplished by efficient operations with which surplus it would be possible to reduce any outstanding debts. This assumed, of course, that the price of cocoa remained fairly constant at present price levels or above.

Mr. Botsio then took over the discussion to state that Ghana found itself in a "vicious circle." He elaborated by saying that if Ghana could acquire money for its power project, aluminum companies would come in and there would also be other demands for power. Thus, if the funds for realization of the hydro-electric scheme were obtained, the country could progress. If it were not obtained, Ghana could not go forward. He indicated that agricultural development was developing despite this, but industrialization could not occur until this vicious circle was broken. He expressed the hope that Export-Import Bank and Development Loan Funds might be available for the Ghanaian power project, permitting industrial development and diversification to proceed.

Under Secretary Herter emphasized the general U.S. willingness to be helpful and said that he thought it might be desirable for the Prime Minister's advisers to carry on more detailed discussions with Messrs. Dillon, Palmer and Flesher. Mr. Herter particularly emphasized that the United States would be pleased to help on the technical assistance side if Ghana would specify the areas on which we could be of particular help.

Sir Robert Jackson said that the problem which most concerned and impressed him was the dilemma in which Ghana found itself. He pointed out that after coming to power as an independent state, the Prime Minister had to give evidence that his Government could bring advantages to the people. Sir Robert pointed

out

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out that he and Professor Lewis had tried to show how development could be accomplished in the agriculture sector, but that without power they were unable to proceed beyond a certain point. He pointed out that the time factor was a great consideration and said that it was his belief that power could be provided from Volta by 1963. He said that he realized the present position of the aluminum interests and the effects of the recession on that industry but emphasized that if Ghana could provide adequate power at the right price, there should be no trouble in achieving industrialization in the aluminum area or in any other industrial field. He sensed the Volta problem as having particular trouble in terms of time and expressed his own belief that if the project had been started five years ago it would probably have been well established by this time.

Mr. Herter then raised the general question of whether the Prime Minister wished to have a communique or joint statement issued covering his visit. It was then agreed that representatives of the Ghana group would later join with Mr. Palmer in preparation of the communique and that the present meeting would be continued at the "second-echelon" level on the specific subject of Volta.

The Prime Minister and Under-Secretary Herter then left the meeting.

AF:AFS:WRDuggan:rmcp
7/29/58

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AFS: R.W. Ross
(39) M-527

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DEPARTMENT OF STATE

Memorandum of Conversation

I

DATE: July 25, 1958

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SUBJECT: Ghana's Volta River Project

PARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance.
The Honorable Kojo Botsio, Minister of Trade and Industries.
Mr. A.L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
Commander Sir Robert Jackson, Chairman, Ghana Development Commission
Mr. Enoch Okoh, Acting Secretary to the Cabinet.
Mr. Amon Nikoi, Third Secretary, Ghana Embassy.
Mr. Richard Akwei, Second Secretary, Ghana Embassy.
Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
Under Secretary C. Douglas Dillon, W.
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
Mr. C. Vaughan Ferguson, Jr., Director AFS.
Mr. William R. Duggan, AFS.
Mr. Robert W. Ross, AFS.
Mr. Stuart Van Dyke, ICA.
Mr. Carl Flesher, ICA.

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AUG 5 - 1958

Mr. Dillon said that the United States Government is most anxious to see increased interest by the aluminum companies in Ghana's Volta River Project, but that the Prime Minister and his colleagues had clearly stated the dilemma: the companies want assurances of cheap electric power before investing. He outlined our efforts to stimulate the interest of American aluminum producers in the project. Kaiser Industries, he said, have proposed a course of action which commends itself for consideration: They have offered to update the existing 1955 engineering study of the dam and hydro-electric facilities and to translate it into American terms. Kaiser would ask no profit for this work. We believe this is a good proposal, would like to see an engineering company undertake such a report, and are willing to assist

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short run problem, as new uses are constantly being found (He outlined some of these potentials).

Sir Robert said that he would like to see Kaiser do the construction because their possible ability to save time on construction might place Ghana in a position to move in quickly if and as the aluminum industry picked up. He said the Prime Minister feels very strongly that availability of cheap power would attract industries to Ghana and is of paramount importance in the country's industrialization. Dr. Nkrumah believes, Sir Robert said, that his Government must perform the "act of faith" embodied in construction of the dam to meet his people's aspirations. Sir Robert said that after updating the survey the Government of Ghana might decide to forego its plans in education, agriculture, etc., to go ahead, on its own if necessary, with this "act of faith", i.e., construction of the dam.

Mr. Dillon said the U.S. could not promise to move ahead without the new data the proposed study would provide. We want to avoid, he said, the raising of false hopes in Ghana.

Mr. Gbedemah said that without any action on their part (The Ministers and the Prime Minister) "high hopes" for U.S. assistance exist in Ghana. Because of this, he said, the group would like from the Department a statement of willingness to lend assistance. Mr. Dillon said that it was to this problem that Under-Secretary Herter had alluded when he spoke of a joint statement in the earlier meeting. Mr. Dillon said that the major task in drafting such a statement would be in careful wording to avoid over-optimism while conveying the fact that we do want to give Ghana such help as we can with respect to the project if it is ascertained to be economically feasible. In addition we are, of course, prepared to continue and expand our technical assistance program.

The Minister of Finance recalled that Ghana became a member of the World Bank primarily to have the right to borrow from that agency. Previous approaches to the Bank, he said, had elicited little interest but he believes that if the United States Government were committed to assist in financing the project the Bank would be interested. Mr. Dillon said that our lending efforts, particularly those of the Development Loan Fund, are closely coordinated with the World Bank. He pointed out that the American representative on the IBRD also serves on the DLF board.

Mr. Gbedemah's final point was that he and his colleagues believed that the World Bank should not be approached for assistance on anything but the Volta Project. They therefore hoped to finance their development plan from other sources.

Note: During the meeting Mr. Flesher arranged for a meeting in Blair House at 3:30 in order for Ghanaian officials to talk with Kaiser representatives.

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AFS: R.W. Ross
(39) M-526

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DEPARTMENT OF STATE

Memorandum of Conversation

XR 745j.5-MSP

II

DATE: July 25, 1958

XR 103-XMR
JK
CDP

SUBJECT: U.S. Technical Assistance and Ghana's Five Year Plan

PARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance
The Honorable Kojo Botsio, Minister of Trade and Industries
Mr. A. L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
Commander Sir Robert Jackson, Chairman, Ghana Development Commission.

~~CONFIDENTIAL~~: Mr. Enoch Okoh, Acting Secretary to the Cabinet.
Dr. Amon Nikoi, Third Secretary, Ghana Embassy.
Mr. Richard Akwei, Second Secretary, Ghana Embassy.
Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
Under Secretary C. Douglas Dillon, W.
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
Mr. C. Vaughan Ferguson, Jr., Director, AFS.
Mr. William R. Duggan, AFS.
Robert W. Ross, AFS.
ICA - Mr. Stuart Van Dyke
Mr. Carl Flesher

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AUG 5 - 1958

Mr. Dillon said that the United States is deeply interested in the improvement of the welfare of the peoples of the developing nations and is always desirous of lending assistance. He pointed out that the needs and demands for help are great and our resources and ability to do so limited. The Under-Secretary for Economic Affairs said that our efforts were closely coordinated with the programs of the World Bank in order to maximize, in an orderly fashion, the lending and assistance facilities available to developing areas. He said that Ghana's requirements for technical assistance in education, agriculture, and related fields can be examined with the International Cooperation Administration. We are, moreover, willing in principle to help in Ghana's industrialization if we receive specific requests, and the Development Loan Fund would be the appropriate agency for this purpose.

The Finance Minister (Gbedemah) said he believed the discussion should be divided

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Mr. Dillon sugges...d that the United States Gov... ...ight assist with Ghana's development plan through a procedure similar ... employed with India. When the plan is completed, this Government, includi... ...staff, could look it over and indicate the general fields in which the ... be willing to entertain applications. The Government of Ghana cou... ...ake application for assistance for specific projects in those fields ... Ghanaian officials agreed and added that they believed the plan would ... ...ed by the end of August, at which time it could be discussed with US... Mr. Dillon said that he hoped Ghana would not plan in such large t... ...s to over-extend its credit resources. Minister Gbedemah replied that ... Government is determined to keep their Five Year Plan within manageable limit... He said that many of their assets are invested in long-term paper and tha... short-term credits are, therefore, readily available to them. Sir Robert Jackson suggested that Ghana should sound out the possibilities for credit in the London and West German money markets. He also suggested an approach to the IBRD.

Minister Botsio reiterated the Prime Minister's request for U.S. assistance in the fields of agriculture and industry. He said his Government would like the ICA program to provide technicians for an "agricultural college" and study grants in the U.S. for industrial technicians from Ghana. Sir Robert indicated the Prime Minister's keen interest in a National Research Council. It is Nkrumah's hope, he said, that such a program could operate on a regional basis and help to bind together the West African territories, including French West Africa.

AF:AFS:RWRoss:rmcp
7/28/58

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FOR RELEASE AT 9:30 A.M., EDT, JULY 26, 1958

James C. Hagerty, Press Secretary to the President
R. J. Moxon, Director, Ghana Information Service

THE WHITE HOUSE

JOINT STATEMENT

OF THE PRESIDENT

AND THE PRIME MINISTER OF GHANA

The visit to Washington of the Prime Minister of Ghana has afforded the opportunity for a full and friendly exchange of views between the Prime Minister and the President, the Secretary of State and other high Government officials. These conversations have had as their objective the further strengthening of the close ties of friendship and mutual respect which have characterized the relationship between the two countries since Ghana attained its independence last year.

The Prime Minister explained the importance that his government attaches to the Volta River project and also to the development plan which is being drawn up for the further economic and social development of Ghana. He hoped the Government of the United States would find it possible to assist the Government of Ghana with respect to both programs.

In subsequent conversations, representatives of the two governments explored the types and scope of assistance which the United States Government might be able to extend to the Government of Ghana. With regard to the Volta River project, the United States expressed its appreciation of the contribution this project could make to the economic development of Ghana. It agreed to continue to explore with private American interests the aluminum manufacturing phase of the project and to consider how it might assist with loans if the required private financing were assured. The United States also expressed willingness to examine any proposals which the Government of Ghana might advance for the use of power from the Volta River for purposes other than the manufacture of aluminum. The two governments agreed that it would be desirable to bring up to date the engineering reports which were prepared in 1955 and to share the cost of this undertaking.

With respect to the new development plan now in the course of preparation, the Government of the United States indicated willingness to examine the plan with the Government of Ghana and to consider particular fields in which it might be able to cooperate through development loans. The United States Government further agreed to continue and expand its technical cooperation with the Government of Ghana through programs designed to aid in the gradual diversification and strengthening of the economy of that country.

The conversations included an exchange of views concerning the situation in the Middle East. The two governments were in agreement that the solution for the urgent problems of that area should be found within the framework of the United Nations in a manner which will preserve the independence and territorial integrity of all member nations, whether large or small. With respect to the particular situation in Lebanon, the United States emphasized its desire to withdraw its forces just as soon as the United Nations can act effectively to assure the independence and territorial integrity of that state. The Prime Minister noted that this position coincided with the views of his Government.

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The representatives of the two governments emphasized their determination to work for the strengthening of the United Nations in the interests of establishment of world peace, prosperity and stability based upon international justice. It was apparent that both countries share the same beliefs with respect to mutual respect for the sovereignty and independence of nations, non-interference in the internal affairs of other nations, social and economic progress for all peoples, and the rights and dignity of the individual.

The two Governments also exchanged views on the emergence of new African states and the growing importance of the African continent in the realm of international affairs. The Prime Minister took the opportunity to explain the aspirations of the African states as they were expressed at the recent meeting of those nations at Accra and in his subsequent visits to each of the capitals of the states concerned. The President noted with deep interest the Prime Minister's explanations regarding the development of a distinctive African personality, emphasizing in this connection the sincere interest of the Government of the United States in the orderly political, economic and social advancement of the peoples of the African continent.

KWAME NKRUMAH

DWIGHT D. EISENHOWER

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